

Apeejay Surrendra Group eyes stake in coffee start-ups, global firms

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Apeejay Surrendra Group is scouting for a strategic partner to make a foray into the premium coffee segment. It is now in talks with international players planning to enter the India market, and even domestic start-ups in the coffee segment, as it intends investing in a new partner, instead of trying to enter the segment all by itself.

The ₹300-crore tea division of the group has already established the Typhoo brand of tea bags. It is now planning a new brand of premium coffee for which a strategic investment is now on the cards.

Typhoo, a UK-based tea company which the group had bought, was launched in India in 2007.

Speaking to *BusinessLine*, Subrata Mukerji, Business Head, Typhoo India, said: "Coffee is now on our radar, and we are scouting for companies to make a strategic investment. These would be companies who have the technology, manufacturing and marketing capabilities in the premium coffee segment, and could range from domestic coffee start-ups to international companies wanting to enter India."

Vacant segment

Big FMCG companies such as Nestle and HUL have not exactly built or grown the premium coffee segment, and this gives the tea division of Apeejay Surrendra Group a chance to diversify into the segment. "The premium coffee segment is almost vacant today as 90 per cent of it comprises imported brands. Since we already reach out to 5,000 outlets with our tea brand, we



can help international brands access our network with their premium coffee brands by picking up equity and investing behind their company."

There are already a host of Indian start-ups such as Bonhomia, Blue Tokai and Indian Bean in the coffee segment, which is being eyed by some of the existing FMCG companies.

Meanwhile, in the premium tea segment, Typhoo is planning to scale its share from 7-9 percent to 15 per cent, to compete with brands like Twinings and Organic India. It is now planning to drive consumption for its brand by having Typhoo tea bars across up-market malls such as DLF Emporio in Delhi and Palladium in Mumbai. "We plan of having at least four Typhoo bars in the metro markets as part of an experiential marketing initiative, which should get launched by next year," he said,

Typhoo Tea registered a turnover of ₹23 crore this year, and is expecting to take it up to ₹30 crore, with retail and OOH (out of home) comprising its main segments. "Demonetisation will not have a severe impact in the premium tea segment since customers are unlikely to down trade to cheaper brands," added Mukerji.